

REQUEST FOR APPLICATIONS

**Targeted Fisheries Assistance
Grant Program
Grant Application Guide for:**

**2007 Southeast Alaska Salmon Vessel Quality
Upgrade Program (SAVQUP)**

ISSUED BY:

**STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
OFFICE OF ECONOMIC DEVELOPMENT**

JULY 3, 2007



NOTICE TO REVIEWER

Federal funds used to carry out the 2007 Southeast Alaska Salmon Vessel Quality Upgrade Program come from the Pacific Coastal Salmon Recovery Fund. As a condition of that funding, projects must be salmon-related and occur in Southeast Alaska. As a consequence, this program is open only to Alaska limited entry salmon permit holders and tender vessel operators in Southeast/Yakutat management areas.

Table of Contents

Table of Contents	i
Section I - General Information	1
A. Issuing Agency & Contact Person	1
B. Additional Information & Assistance Available	1
C. Introduction of the Targeted Fisheries Assistance Program	2
D. Alaska Salmon Vessel Quality Upgrade Program - Identification of Distressed Fishery & Target Problem	3
E. Who May Apply	7
F. Eligible Communities	7
G. Type of Projects	8
H. Ineligible Projects	8
I. Project Duration & Match Requirements	9
J. Long-Term Value	9
K. Other Requirements	9
Section II - Submission, Form Application, Required Information	11
A. Due Date & Submission	11
B. Applicant Information	11
C. Identify & Discuss the Community(ies) and / or Industry Sector(s)	12
D. Project Description	12
E. Discuss the Project's Budget	12
F. Discuss the Project's Long-Term Value	13
Section III - Review and Evaluation of Applications	14
A. Initial Review of Applications	14
B. Evaluation of Applications	14
C. Notification of Applicants	15
D. Disclaimer / No Requirement to Make Awards	15
E. Grant Award Termination	15

Section I - General Information

Welcome to the Targeted Fisheries Assistance Program: Southeast Alaska Salmon Vessel Quality Upgrade Program (SAVQUP). This is the “Request for Applications” packet, also referred to as the Application Guide. The Application Guide provides background information on the program and detailed instructions on filling out each section of the Application Form. **You must fill out and submit the attached Application Form to apply.**

A. Issuing Agency & Contact Person

This Request for Applications is being issued by:

State of Alaska
Department of Commerce, Community and Economic Development (Commerce)
Office of Economic Development

P.O. Box 110804
Juneau, Alaska 99811-0804 **(Mailing Address)**

333 Willoughby Avenue, 9th Floor
Juneau, Alaska 99801 **(Delivery Address)**

Attention: Debbie Maas

Phone Number: (907) 465-2023

Fax Number: (907) 465-5085

E-mail: debbie.maas@alaska.gov

B. Additional Information & Assistance Available

Potential applicants should carefully review this Request for Applications for errors, questionable or objectionable materials, and items requiring clarification. Applicants should either put their comments and/or questions in writing and mail them to the above address, or phone the above individual as soon as possible.

Commerce may issue a written clarification to all those who initially receive a copy of the Request for Applications, or may respond only to the individual asking the question.

IMPORTANT - Commerce will screen all applications to assure adherence to the Application Guide and completion of the Application Form. Applications that do not address the requirements of the guide and complete the form will be deemed non-responsive and either disallowed or given technical advice to complete the application.

C. Introduction of the Targeted Fisheries Assistance Program

The Targeted Fisheries Assistance Program (TFAP) provides grant assistance toward solving key development problems facing distressed salmon fisheries. Identification of distressed fisheries and targeted problems are through findings by Commerce pursuant to Chapter 3 of the Alaska Administrative Code, 142.030. (See the following Section D for identification of distressed fishery.)

The actual amount of funds allocated under this Program, or any portion of the Program, will be determined after review of such findings; review of eligible grant applications received pursuant to published Requests for Applications; and final determination of available funding. This Request for Applications (Application Guide) deals only with the Southeast Alaska Salmon Vessel Quality Upgrade Program and only for limited entry salmon permit holders and tender vessel operators for Southeast and the Yakutat management areas. It is anticipated that up to \$500,000 may be available pursuant to this Request. Applicants may seek grant awards up to \$25,000.

Commerce reserves the right to alter such allocations, including re-authorization of the available funds for other purposes. This grant application solicitation in no way requires Commerce to expend or grant any funds for the purposes discussed herein.

D. Alaska Salmon Vessel Quality Upgrade Program - Identification of Distressed Fishery & Target Problem

Commerce finds that the Alaska commercial salmon fishery is a distressed fishery as evidenced by the decline in salmon prices and decrease in profitability of both the harvesting and processing sectors from levels seen in the early 1990s.

It is generally accepted that a primary contributing factor to this decline is the rapid increase in farmed salmon production. Farmed salmon successfully competed with wild Alaska salmon in both domestic and export markets, in the process driving down the price of salmon. The farming industry effectively transformed salmon into a commodity, available year-round in a high quality condition and desirable product form.

Problem Identification

The Department of Commerce, Community & Economic Development (Commerce) finds that many segments of the Alaska salmon harvesting and tender fleet continue to suffer from poor quality infrastructure and capacity on their vessels. Poor quality of salmon, on even a small portion of a region's fleet, has the ability to diminish the quality of product overall and puts the industry in a poor position in the marketplace. This inconsistent quality adds to the overall distressed state of Alaska's salmon economy and must be addressed.

The Department further finds that Alaska's coastal communities suffered significantly from the downturn in the salmon industry. Coastal communities in Alaska rely significantly on the salmon industry for their economic base. In some cases, up to 70% of a community or census area's economic base can be tied to the salmon industry. Local equipment and service providers, a secondary beneficiary of economic base activity, are also significantly hampered during a downturn in the base economy. The downturn in salmon forced vessel owners to defer major investments and maintenance on the boats.

Discussion

For over 100 years, the Alaska salmon industry was the world's leading producer of salmon. As such, the industry dictated most terms of production including quality. Quality of Alaska salmon was inconsistent without strong competition. This held true through the mid-1990s when worldwide production of farmed salmon began to exceed wild salmon production.

Farmed salmon's consistent quality was a key contributor to its success over Alaska wild salmon in the marketplace. While the highest quality Alaska salmon may be preferred over the highest quality farmed salmon, by and large, the majority of Alaska salmon is not harvested and processed for the highest quality possible. Inconsistent quality turns away buyers who are unsure in what condition the Alaska salmon will

arrive. Inconsistent quality inhibits potential sales and is a real cost to buyers through reduced shelf-life and spoilage.

A wild salmon is at its highest quality just before capture. Quality begins to diminish at the point of capture. Improving the harvesting and tender vessel's ability to maintain the quality of its product will assist in the overall effort of the industry to improve quality. Developing a more consistent, high quality product will reduce buyer uncertainty and merit higher prices. This will improve the profitability and success of the Alaska salmon industry. Assistance by the Department of Commerce, through the Alaska Salmon Vessel Quality Upgrade Program (SAVQUP), will expedite crucial investments in operations that require quality upgrades.

Investments and improvements in profitability made by installing quality related improvements on fishing vessels can have a substantial impact on a rural economy. Through SAVQUP, the Department can infuse funding and improve local business profitability in these coastal communities in an attempt to further stimulate economic activity.

Department Considerations

Chilling salmon at the point of capture is widely acknowledged as the single most important step that can be taken to improve the overall quality and value of Alaska salmon. In 2003, the Quality Sub-Committee of the Legislative Salmon Task Force reported that

“In order for Alaska to be competitive in this global market, we must improve the quality of our salmon. Survey after survey has shown that the quality of the product is one of the most important, if not the most, important factor consumer's use when choosing which product to buy. The subcommittee heard presentations from experts in the field and the common theme among them was that chilling is by far the most important factor in improving the quality of our salmon.”

Worldwide, the importance of quickly chilling fish has long been acknowledged. A UN Food and Agriculture Organization (FAO) technical paper notes that “(t)here are three important ways of preventing fish going bad...care, cleanliness and cooling. Care in handling is essential (and)...cleanliness is important...but most important of all...fish must be chilled quickly and kept chilled.”

Despite these wide acknowledgements an expert on quality control in Alaska fisheries noted that “(m)any fishermen believe that holding salmon from 12 to 24 hours at ambient temperature does little damage. *This is sheer nonsense!*”¹

A 2002 survey by ASMI indicated that progress toward achieving chilling at point of capture as standard practice across the State was clearly insufficient. While some

¹ John P. Doyle Care and Handling of Salmon: The Key to Quality Marine Advisory Bulletin No. 45 Univ. of Alaska Marine Advisory Program, 1995.

regions and gear types made important gains – most notably seiners in Prince William Sound, Kodiak and Chignik – huge problems remain. They are most severe among gillnet fisheries in Cook Inlet, Western Alaska and Bristol Bay, but *all* fisheries and gear types remain significantly deficient.

PERCENT OF FISHING OPERATIONS NOT EMPLOYING ANY CHILLING – BY REGION

REGION	1991	1996	2001
Southeast	14%	7%	10%
Yakutat	14%	25%	7%
Prince William Sound	33%	11%	3%
Cook Inlet	66%	67%	51%
Kodiak	60%	33%	11%
Alaska Peninsula	74%	29%	37%
Chignik	83%	no data	10%
Bristol Bay	92%	81%	84%
Western Alaska	89%	89%	58%

PERCENT OF FISHING OPERATIONS NOT EMPLOYING ANY CHILLING – BY GEAR TYPE

GEAR TYPE	1991	1996	2001
Drift Gillnet	70%	60%	53%
Set Gillnet	75%	65%	64%
Seine	38%	10%	11%
Troll	19%	6%	14%

In January 2003, the University of Alaska-Fairbank's Marine Advisory Program and several key contributors convened the *Enhancing the Quality and Markets for Alaska Salmon* conference. The goal of the conference was to address quality and marketing improvements that are both short and long term. At the Quality conference, presenter Larry Andrews, Alaska Seafood Marketing Institute's Retail Program Director, demonstrated today's retailers are looking for product consistency, reduced shrink, longer shelf life, and consistent delivery times.

The Alaska Seafood Marketing Institute, long a proponent of improving the quality of Alaska seafood, publishes quality standards for Alaska salmon. To qualify as Premium and Grade A, salmon must be chilled at the point of capture and involves many other important features, including bleeding, visual guides, reduced scarring and scale loss.

The Institute took further measures in 2003 by approving through a vote of the board to support the Legislative Salmon Task Force's bill making chilling mandatory at the point of capture. While the bill did not move past the House Resources Committee, its presence acknowledges the need for improved quality of Alaska salmon. With ASMI's support, it further acknowledged what Alaska seafood's marketers long believed true – quality is critical to success in the market.

Measures taken to improve quality often lead to higher prices for fishermen. Seafood processors routinely pay a premium for fish that is iced or has been kept in refrigerated sea water (RSW) systems.

Through the downturn in the salmon industry, many of Alaska's coastal communities faced significant hardships. Research performed by the Department of Commerce in 2003 indicated that from 1997 through 2001, coastal communities with a previous history of salmon deliveries sustained \$33 million in lost state tax revenue from the decline in salmon prices.²

Salmon tax revenues were only a fraction of the total impact. Salmon fishermen from these salmon dependent communities were unable to make up the losses sustained by the salmon fishery. In 2001 and 2002, there were 1,900 and 2,649 less permits fished than the previous ten year average. Projecting each permit represents a captain and 1.5 crew, that was a net loss of 4,500 and 6,300 jobs, respectively. Local businesses reliant on these jobs for business felt the strain and were forced to reduce service to just the summer fishing season or simply go out of business.

Finding

For these reasons the Department finds that substantially improving the quality handling practices and infrastructure of the Alaska salmon harvest and tender fleet can significantly and quickly help alleviate economic distress in the fishery. However, there are substantial hurdles to industry's ability to make these investments. Aging, energy-inefficient capital facilities and years of participating in a struggling industry leave many participants without the funds or desire to invest in upgrades.

For these reasons the Department finds that targeting funds towards projects that improve the quality of Alaska salmon can significantly and quickly help alleviate economic distress in the fishery by:

- increasing the quality of salmon from the fishery;
- increasing the value of salmon from the fishery;
- increasing profitability in the harvesting or processing sector of the fishery;

² The work, conducted by the Research and Analysis Section of the Division of Community & Business Development, looked at historical tax returns of all communities that received state tax returns from salmon and sustained a decline from in any year after 1996. The work found that during the years 1997 – 2001, had these communities maintained tax revenues consistent with those sustained in 1989 – 2006, they would have had an additional revenue of \$33 million to operate basic local government services like schools, road maintenance, and safety.

- increasing economic activity within the community or region in which the fishery is located; and
- providing demonstration projects that can be copied and expanded.

As these measures improve the quality of the salmon and add value to the harvest, secondary benefits will accrue to Alaska's coastal communities. The actual project work will employ local service providers including welders, electricians, and boat repair shops. Positive impact will be sustained by the communities from the profits that come from the enhanced value of the fishing operations that exist in the communities.

E. Who May Apply³

Eligibility ("eligible applicant") is limited to:

(1) For-profit businesses that meet the U.S. Small Business Administration's definition of a small business as defined by the SBA's Office of Size Standards found at <http://www.sba.gov/size/index/tableofsize.html> and that hold a

- (a) limited entry salmon permit from Commercial Fisheries Entry Commission for a Southeast or Yakutat management area fishery that was fished during the last four salmon seasons (2003, 2004, 2005, **and** 2006),
- (b) limited entry salmon permit from Commercial Fisheries Entry Commission for a Southeast or Yakutat management area fishery that was fished in 2006 and whose owner participated in a Southeast or Yakutat management area salmon fishery as crew or as an active permit holder in 2003, 2004 and 2005, or
- (c) can demonstrate significant salmon tendering activity in a Southeast or Yakutat management area during the last four salmon seasons (2003, 2004, 2005, **and** 2006).

Harvesters and tender operators may submit one application per vessel with a maximum award of \$25,000.

F. Eligible Communities

Applicants must fish or tender salmon in a Southeast or Yakutat management area. Scoring on projects will be weighted strongly to those that will benefit communities that have been impacted by the downturn in the salmon fishing industry.

³ Potential applicants should understand that regardless of eligible applicant status scoring is based on the criteria listed in Section III.B, page 15 of this application guide. Projects that do not significantly contribute to the economic health of communities impacted by the downturn in the Alaska salmon fishery will not score high enough to be awarded.

G. Type of Projects

Improvements funded by this program should directly contribute to increased quality of commercially caught salmon aboard harvesting or tendering vessels. Projects must occur on the actual vessel.

Assistance will be provided in the form of one-time funding (grants). Potential projects include the following, although project proposals based on other solutions will be accepted for review:

- Projects that upgrade the chilling capability of a harvesting or transporting vessel
- Projects that increase on-board freezing capacity
- Bleeding/handling equipment and improvements

Specific projects may include:

- Freezers
- Coolers
- Ice machines, chutes, and accessories
- Hold insulation and related repairs
- Refrigerated sea water systems
- Slush bags
- Generators or generator upgrades related only for powering quality improvement equipment
- Quality handling equipment and/or the fabrication of quality handling equipment such as bleed, chlorine dip, or glaze tanks
- Insulated totes that do not leave the vessel

The Department will be solely responsible for final determinations on eligible projects. The applicant is responsible for obtaining any and all necessary permits required to implement the project.

H. Ineligible Projects

Feasibility studies are not eligible. Operational and maintenance costs of existing projects are not eligible. Operational and maintenance costs of proposed projects, incurred after completion of the initial start-up, are also not eligible. The Department is not accepting projects that indirectly effect quality including:

- Efficiencies gained by installing a new engine or crane
- Improvements in nets or other fishing gear
- Basic processing equipment and supplies such as knives, gloves, solutions, etc.
- Processing equipment past the bleeding and freezing stage

- Improvements to the vessel exterior or deck space unrelated to the direct handling of the fish including processing deck covers
- Totes not strictly used on the vessel (including for transporting ice and/or fish)

I. Project Duration & Match Requirements

All final reports must be completed and to the Department by **May 30, 2008**. As the federal funding source for this program expires June 30, 2008, **there will be no extensions**.

Commerce may provide up to 50 percent of the project's entire cost not to exceed a maximum award of \$25,000. Applicants must provide at least 50 percent of the funding (match). Each vessel is limited to one application.

This is a cash match, cost reimbursable grant program. The applicant will be required to expend funds and then seek reimbursement from Commerce.

The recipient's share of the cost of a project may be met with cash or borrowed money. The Department will match only real expenses. It will not accept in-kind contributions such as vessels, owner's labor, or materials on hand.

In reimbursing a grantee, the Department may request, at its discretion, any proof of activity relevant to establishing a fair market exchange for equipment, services and other related expenses.

The Department will not match costs incurred before September 15, 2006.

J. Long-Term Value

Though SAVQUP is intended to provide one-time grant funding, the long-term sustainability and value of proposed projects is an important consideration. Applicants will demonstrate how their projects will lead to increased quality and ex-vessel price.

K. Other Requirements

As of the release of this Application Guide, this Program is evolving. Therefore, Commerce retains the right to change this Program as needed to comply with significant policy decisions.

Additionally, since this Program is being funded with federal money from the U.S. Department of Commerce, National Oceanographic and Atmospheric Administration provided to the State of Alaska, applicants must be aware that, in addition to state requirements, the following federal requirements may apply to Commerce and to its sub-recipient grantees (applicants):

- Section 3016.22 CFR incorporates the Cost Principles dictated by OMB Circular A-87 or similar document (depending on the type of applicant).
- Section 3016.37 CFR requires Commerce to give notice of all federal requirements to its sub-recipients.

- Applicants in the arrears with the federal government for any money owed may not be eligible for grants under this Program.
- State of Alaska's Single Audit Requirement established under Alaska Administrative Code 2 AAC 45.010.

Applicants should be aware that their application and all supporting documentation, as well as reports submitted pursuant to any grant received are public information.

Section II – Submission, Form of Application, Required Information

A. Due Date & Submission

Applications will be accepted from July 3, 2007 until September 10, 2007 (applications must be postmarked by September 10). Project funding is on a first come, first serve basis. Once an application is found to meet the minimum qualifications and score as described in Section III.A. and B., it will be considered eligible for any funding allocated to this program. It is anticipated that awards will not be made until after the application period has closed. Applications received under the 2006 Southeast SAVQUP grant program (announced in November of 2006) that have not been reviewed will remain in the queue for funds and applicants need not reapply under this program.

Applicants shall fill out the attached Application Form in its entirety and submit it to the address and individual listed on page one (1) of this Request for Applications.

Applicant background, detailed designs, cost estimates, and/or other application information may be attached to the Application and should be listed on the first page of the application form.

Applicant information will also be screened against Department of Revenue tax information and information available through relevant sections of the Department of Labor and Workforce Development and the Department of Revenue, Division of Permanent Fund Dividend.

If you are reading this in printed “hard copy” and would like to view the document in electronic form, you can access this Application Guide from Commerce's website at <http://www.commerce.state.ak.us/oed/seafood/revitalization/assistance.htm>.

B. Applicant Information

An applicant's proposal (grant application) must:

- Clearly identify the applicant, permit number, vessel name, Fish & Game vessel license number, home port, fishery, gear type, and documentation of fishing or tendering activity.
- Provide the applicant's physical and mailing addresses, telephone and fax numbers, e-mail address, and other pertinent contact information. The Department will verify Alaska addresses with the Alaska Permanent Fund database.
- Provide the federal employer identification number [EIN], usually the social security number for individuals or sole proprietorships.
- Indicate type of applicant (fisherman or tender operator).
- Discuss the applicant's experience with similar previous projects, the success of those projects, and current and/or on-going projects.
- Identify the key personnel involved in the project, if other than the applicant.

C. Identify & Discuss the Community(ies) and / or Industry Sector(s)

- Applicant must identify the community(ies) that will benefit from the project as requested in the application form.

D. Project Description

An applicant's proposal must provide a thorough narrative description of the project and should include, but not necessarily be limited to:

- Detailed discussion of the project purpose, implementation, specific activities, and the completion date of the entire project. Projects must be complete and final paperwork to the Department by **May 30, 2008**.
- Details of equipment, gear designs, or operational changes, if applicable.
- Details of systems designs, including engineering and technical specifications.
- Description of construction, expansions, modifications to new and/or existing structures, facilities, or equipment.
- Discussion of environmental and industry impacts, special requirements, permits, certifications, and/or other pertinent necessary approvals.
- Discussion of the project's feasibility. Include all potential obstacles in the current business environment that may hinder or halt the success of the project; ideas or areas of change that would improve the viability of the project; and any other unique characteristics and assumptions that may affect the project.
- Description of how the increased profits from the quality improvements will benefit communities that suffered from the downturn in the salmon industry.

If the Applicant intends to hire a contractor(s) to perform portions of this project, the following information should also be provided for each contractor, if available:

- Complete name, mailing address, physical address, and phone number.

E. Discuss the Project's Budget

An applicant's proposal must provide a detailed and comprehensive budget that clearly identifies all expenses and funding of the project, with independent estimates for major expenses. The applicant may request 50% of the project, up to a maximum of \$25,000. Discussion should include, but by no means be limited to, the following items:

- Identify and project in detail any and all direct expenses. Examples include, but are not limited to, equipment purchases, construction costs, materials, supplies, and freight (may be included in budget table).
- Identify and project in detail the source of the cash match. Examples include, but are not limited to, applicant's available cash, applicant's proposed loan(s), revenue from another entity, etc. Also identify the percentage of funding provided by Commerce, applicant, and other sources.

- The Budget Table shall follow the structure in the Application Form and must include totals for each column.

F. Discuss the Project's Long-Term Value

An applicant's proposal must describe the long-term sustainability and expected return the project will generate. Information must be consistent with information presented elsewhere in the applicant's proposal. Discussion should include the following items:

- How the project will increase Alaska seafood product quality.
- How the project will increase the ex-vessel value to the harvester and improve the economics of communities impacted by the downturn in the Alaska salmon industry.

Section III - Review and Evaluation of Applications

A. Initial Review of Applications

Prior to evaluating the grant applications, Commerce will perform an initial review to identify grant applications that do not meet the minimum requirements and score, and/or have not provided the minimum information, and/or are otherwise deemed unresponsive to the requirements set forth herein. Commerce in its sole discretion may contact the applicant for additional information or Commerce may declare the application as non-responsive and reject it in its entirety. If rejected, the grant application will be eliminated from the evaluation process and the applicant will be notified accordingly.

The following technical information must be included or the Department will reject the application:

- Applicant name, contact information, and EIN
- Identification of an eligible vessel
- Permit number
- Confirmation that the applicant fished, crewed or tendered in 2003, 2004, 2005, and 2006. The Department requires verification of this through the Department of Fish & Game.
- Project start and completion date
- Description of an eligible project
- Inclusion of equipment supplier and/or contractor quote(s)
- Budget in the format provided

B. Substantive Evaluation of Applications

Upon completion of the technical review, remaining applications will be scored based on the criteria described below. Applicants who meet minimum qualifications and receive a score of at least 70 will be eligible to receive funding.

- Eligible Applicant: Scores will be based upon the ability of the applicant to execute the project and the applicant's knowledge of or experience with other similar projects.
- Communities/Industry Sectors Served: Scores will be based on the degree of impact from the downturn in the salmon fishing industry on the community(ies) from which the applicant operates its fishing operations during the salmon season (15 points) and the community(ies) in which the project will take place (15 points).

- Project Description: Scores will be based on the degree of impact increases in profitability from the project will have on the communities impacted by the downturn in the salmon fishing industry.
- Project Amount (Budget): Scores will be based upon the applicant's appropriate use of the budget form provided in the application and ability to provide a cash match for at least 50% of the budget.
- Project's Long-Term Value: Scores will be based upon the project's ability to increase product quality and ex-vessel price.

Maximum scores for each category are as follows:

Eligible Applicant	15
Communities / Industry Sectors Served	30
Project Description	35
Project Amount (Budget)	10
Project's Long-term Value	10
Maximum Possible Points	100

Scoring information will be forwarded to the commissioners of the Departments of Fish and Game, Labor and Workforce Development and the Fisheries Policy Advisor to the governor or their designees. Members will advise the department, taking into consideration the application scores and other factors.

C. Notification of Applicants

All Applicants will be notified upon completion of the evaluation process.

Unsuccessful applicants have a chance to seek reconsideration from the Department. The Department, at its sole discretion, may consider the reconsideration and will notify the applicant accordingly.

D. Disclaimer / No Requirement to Make Awards

Nothing in the Request for Applications requires Commerce to make an award.

E. Grant Award Termination

The use of these grant funds are intended to have an immediate impact on the economic health of the fishery. Projects must be completed in the allotted time. Failure to make substantial progress on the funded project in a reasonable time, as determined by Commerce, may result in termination of a grant award.